

# House Study Committee on Reforming Real Property Taxation

November 13, 2018 Meeting Summary

The House Study Committee on Reforming Real Property Taxation met on Tuesday, November 13, 2018 in room 403 of the Capitol. This meeting was meant to discuss observations from previous meetings and proposed changes to the assessment and appeal processes. During the meeting, the committee heard testimony from the following:

- Stewart Oliver – Chief Appraiser, Gwinnett County
- James Stokes - Chief Appraiser, Paulding County
- Clint Mueller – Legislative Director, Association County Commissioners of Georgia (ACCG)
- James Roberts - Partner, Fellers, Schewe, Scott & Roberts, Inc., and a member of the executive board of the Georgia Association of Property Tax Professionals (GAPTP)

Chairman Welch began the meeting by discussing his observations from prior meetings and invited others to join in the conversation.

- Chairman Welch - Was not aware that within each assessor's office they create neighborhoods of similarly situated building structures and that that data could be available to the taxpayer. Important because a taxpayer that is placed in a category should be able to see how and why they were classified that way.
  - Data is both objective (square feet) and subjective (condition of the structure).
  - This process could be more transparent.
- Chairman Welch - The check on the assessment process is lacking. DOR's process evaluates each county every three years and if something is found to be incorrect, then essentially a warning is given. At the next evaluation three years later, the county may only face a penalty if the county has the same problem they had three years ago. So, six years goes by before any penalty is assessed to the locals. Six years is too long before a penalty can be enforced.
- Commissioner Lynn Dempsey – Is there an educational process for the public? Maybe a seminar for property owners. Could invite more controversy or appeals than otherwise, but should something be considered to educate the public on the mass appraisal process?
  - Welch – I don't know of any educational seminars, but it could be done once and put online for taxpayers to view on their own time.
- Chairman Welch – The appeal process seems expensive and the effectiveness of Boards of Equalization (BOE) is in question. BOE members do receive training, but qualifications are limited. BOEs seem to defer to the assessor's office due to familiarity with the office. If information that goes into an assessment is not readily available, then they do not know where to begin to challenge the assessment.
- Chairman Welch – In the assessment process, DOR may only inspect the CAMA system files with permission from the county. Otherwise, there are no reviews outside of the three-year digest review.
- Judge Larry O'Neal – Has there been consideration given to using an averaging process for properties impacted by Hurricane Michael rather than a value as of January 1?
  - Welch – The committee has not looked into what that answer should be.

## House Study Committee on Reforming Real Property Taxation

November 13, 2018 Meeting Summary

- Chairman Welch – Is there value to having trained professional hearing officers perform appeals rather than BOEs? Statewide hearing officers traveling throughout the state would provide another level of check because they are not paid for by local governments, they are rotating so they do not develop a familiarity with BOAs and they are trained to understand all aspects of the assessment and appeal systems. Would that be helpful to the taxpayers?

Stewart Oliver introduced himself to the committee and made the following comments:

- In Gwinnett county four percent of residential properties appeal while 80 percent of commercial properties appeal. Due to the tax freeze after appeal, during any given year 12 – 15 percent of residential properties are frozen while 40 percent of commercial properties are frozen. The largest burden shift is from commercial to residential, not from one residential neighbor to another. However, the ability to measure this burden is lacking.

James Stokes introduced himself to the committee and distributed a list of issues and recommendations to the committee. Mr. Stokes also made the following statements:

- Paulding County issues 67,000 property tax notices each year and must be ready to defend each one of those notices.
- There are substantial costs to providing more data to the public. Systems like Qpublic are expensive, and counties must balance the additional costs against the benefits received.
- The effects of property value limitations are not reflected in sales ratio studies conducted by the Department of Audits.
- Last year, in Paulding County alone, there was a \$120,000 tax shift due to assessed values being locked following an appeal and a \$300,000 tax shift due to the assessed value being capped at the sales price.
- Chairman Welch – Does the three year lock make it harder for the assessor to revalue the property? How does that effect the motivation of the assessor?
  - There is no motivation of the assessor other than fairness to all property owners and to create a value that is relative to the market.

Clint Mueller introduced himself to the committee and made the following comments:

- There are no counties that have formed a ‘regional’ property tax system which is allowed by current law.
- Chairman Welch – There is no statutory requirement to revalue property on a periodic basis, what value or detriment would there be to requiring a reevaluation of the entire digest or segments of the digest on a periodic basis, every three to five years? And, to what extent would contracting out that service be of value to counties?
  - The Georgia Constitution states that values are to be at fair market value every year.
  - If you do require an appraisal, what kind of appraisal would you require? A physical appraisal or a computer-based appraiser?
  - Many counties are contracting physical appraisals to outside appraisers.

## **House Study Committee on Reforming Real Property Taxation**

November 13, 2018 Meeting Summary

- One thing that keeps coming up is the lack of predictability. Some taxpayers have received a 100 percent or 200 percent increase in one year and that is hard for a taxpayer to budget. Could this committee look at what could be done to address this issue?

James Roberts introduced himself to the committee and made the following statements:

- The process of phasing in changes in value is done in the state of Maryland. By setting up a system of periodic revaluations with a phased-in change in value, there won't be the sticker shock that we have seen in the metro Atlanta area in previous years.
- The key is transparency and predictability.